

## **FISCAL NOTE**

### **HB 3417 - SB 3349**

February 19, 2004

**SUMMARY OF BILL:** Amends T.C.A. 49-3-351(d) which deals with funds for school districts which have growth of greater than 2% from the previous year. The bill would require that an estimated 40% of the appropriated amount be distributed to each eligible local education agency (LEA) by January 1 with the remainder distributed by the following June 30.

Currently, growth funds are paid once a year in April and are based on a local education agency's average daily membership for the first three months of the school year. The current deadline for this information is January 15.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Not Significant**  
**Increase Local Govt. Expenditures - Not Significant**  
**Increase Local Govt. Revenues - Not Significant**

Estimate assumes that the bill would not change the amount of growth funds distributed, but rather change the timing. The amount of these funds varies each year. In 2003, this amount totaled \$5,800,000 statewide. At present, these funds are distributed once a year in April by the Department of Education. The bill would provide that this amount be distributed in two payments. The fiscal impact to distribute this amount in two payments is estimated to be not significant.

However, to the extent that any interest earned on the 40% would accrue to the school system rather than the state, state revenues are estimated to decrease and local government revenues are estimated to increase by a like amount. Such increase and decrease in revenues cannot be determined, but is estimated to be not significant.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director